

Message Text

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ORIGIN TRSE-00

INFO OCT-01 ARA-10 ISO-00 EB-08 AID-05 FRB-03 IO-13
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R 271921Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY SAN SALVADOR

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E.O. 11652: N/A

TAGS: EFIN, EAID, ES

SUBJECT: BILATERAL WITH EL SALVADOR AT IDB MEETING

1. AT EL SALVADOR'S REQUEST U.S. DELEGATION REPS
ARELLANO AND VALDEZ MET IN VANCOUVER ON APRIL 17 WITH
MINISTER OF PLANNING AND COORDINATION REYES AND AMBASSADOR
QUINONEZ MEZA. PURPOSE OF THE MEETING WAS TO DISCUSS IDB
RURAL LAND TENURE LOAN, PRIVATE INVESTMENT, AND HUMAN
RIGHTS.

2. RURAL LAND TENURE LOAN. SALVADORAN DELEGATION INDI-
CATED THAT GOES WILL CREATE A DEVELOPMENT FUND FOR RURAL
LAND DISTRIBUTION WHICH WILL INVEST 150-180 MILLION DOLS
OVER THE NEXT 5 YEARS. THE CENTRAL BANK WILL PROVIDE ABOUT
TWO-THIRDS OF THE FINANCING WITH REST COMING FROM THE
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GOVERNMENT- TOTAL PROJECT WILL INCLUDE HOUSING, LAND
IMPROVEMENT, AND IRRIGATION AND AIM IS TO REDISTRIBUTE UP TO
180,000 MANZANAS OF LAND. U.S. DELEGATION NOTED THAT PRO-
JECT WAS INTERESTING AND APPEARED TO FIT INTO U.S. APPROACH
OF DIRECTING BILATERAL AND MULTILATERAL FUNDS TOWARD THE
RURAL SECTOR.

3. PRIVATE INVESTMENT. U.S. DELEGATION INDICATED THAT TASK OF ENCOURAGING PRIVATE INVESTMENT IN THE FUTURE WILL BE CRITICAL AND SEVERAL INDUSTRIES NOW SEEMED TO HAVE REACHED LIMITS OF THEIR PRODUCTION CAPACITY. GOES ABILITY TO GENERATE CONFIDENCE WILL BE A KEY ELEMENT. SALVADORANS RESPONDED THAT THEY HAVE CONTRACTED A SPECIAL STUDY ON WAYS TO FACILITATE INVESTMENT WHICH SHOULD BE COMPLETED IN THREE MONTHS. HOWEVER, RECENTLY POTENTIAL INVESTORS HAVE HELD BACK NOT BECAUSE OF THE ECONOMIC SITUATION BUT BECAUSE OF TERRORIST ACTIVITIES.

4. HUMAN RIGHTS. U.S. DELEGATION EXPRESSED CONCERN OVER RECENT HUMAN RIGHTS DEVELOPMENTS AND EXPRESSED HOPE THAT THIS WOULD NOT REPRESENT A REGRESSION AFTER RECENT PROGRESS. THEY ALSO INQUIRED AS TO WHEN THE REPORT OF THE INTER-AMERICAN HUMAN RIGHTS COMMISSION ON EL SALVADOR WOULD BE COMING OUT. SALVADORANS REPLIED THAT HUMAN RIGHTS REPORT WAS BEING HELD CLOSE TO THE VEST BUT IT SOON WOULD BE RELEASED. THEY ALSO NOTED THAT TERRORIST ACTIVITIES HAD INCREASED AND SUBVERSIVE MEASURES SEEMED WELL PLANNED AND PROVOCATIVE. THEY STRESSED THAT THE GOS MUST BE VERY CAREFUL IN ITS RESPONSE.

5. THE CHURCH. IN RESPONSE TO U.S. QUESTION ON DEVELOPMENTS IN THE CHURCH SALVADORANS INDICATED THAT 14 PRIESTS RECENTLY HAD BEEN SUSPENDED FOR THEIR ACTIVITIES. THE LIMITED OFFICIAL USE

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CONSEJO EPISCOPAL DECLARED THAT THE PRIESTS HAD NOT BEEN IN CONFORMITY WITH CHURCH PHILOSOPHY. SALVADORANS ADDED THAT SPLIT WITHIN THE CHURCH APPEARED TO BE GROWING AND POLARIZATION COULD BECOME A SERIOUS PROBLEM. VANCE

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